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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000247

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SUBJECT: TAIWAN ELECTION COUNTDOWN: FOUR WEEKS TO GO

REF: TAIPEI 00219

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

¶11. (C) Summary: With four weeks to go before the March 22 presidential election, KMT candidate Ma Ying-jeou continues to lead the DPP's Frank Hsieh, though internal polling by the DPP and KMT indicates a significantly narrower gap than some media polls would suggest. While the latter show Ma leading by 20-30 percent, DPP and KMT internal polls from mid-February show Ma's lead has shrunk to around 8-10 percentage points. Negative attacks continue to dominate election headlines and appear to have made a dent in support for Ma among independent voters. Media coverage early in the week focused on another round of DPP attacks on Ma's green card status and renewed KMT allegations that Hsieh had betrayed the democratic movement by serving as an informant for Taiwan's intelligence services in the 1980s. The presidential candidates will participate in the first, and perhaps most lively, of a series of five presidential debates starting on February 24. The DPP attempt this week to work out a compromise with the KMT on the UN referenda has been rebuffed, making it likely the two UN referenda as currently worded will remain on the March 22 ballot. President Chen continues to hint at the possibility of a "defensive referendum," but Hsieh opposes this option and Chen has pledged to take his lead from Hsieh. Next week the DPP will hold a 100,000 person rally on February 28 to commemorate the tragic 1947 "2-28" incident and it is planning its largest campaign rally for March 16, when it expects to mobilize one million supporters in different locations. End Summary.

Ma Lead Narrowing

¶12. (C) With four weeks to go before the March 22 presidential election, KMT candidate Ma Ying-jeou continues to lead the DPP's Frank Hsieh, though internal polling by the DPP and KMT indicates a significantly narrower gap than some media polls show. DPP internal polling from mid-February shows that Ma's lead has shrunk to around 8-10 percentage points. DPP Policy Committee Chairman Shen Fa-hui told AIT on February 22 that the party's internal polls show support for Ma at slightly over 40 percent and Hsieh at around 30 percent. Although the DPP's negative attacks on Ma are unlikely to be decisive in the election, Shen said, they had caused a 10-point drop in support for Ma, and had been

particularly effective in reducing support for Ma from independent voters. However, support for Hsieh has not gone up significantly. Shen said the campaign's goal is to close the gap to within 5 percentage points in the coming weeks.

¶3. (C) KMT internal polls also show Ma's lead has shrunk to 10 percentage points, down 3-5 points from previous internal polls. KMT Department of Overseas Affairs Director Ho Szu-yin explained to AIT that the narrowing gap was "normal" and to be expected as election day approaches. The number of respondents who said that they were undecided, however, remains high. Ho said that the KMT is trying to avoid polling biases and errors by using three different polling organizations.

Local KMT Estimates

¶4. (C) Local KMT officials in two large jurisdictions in northern and central Taiwan told AIT they expect Ma to do even better in their districts than KMT candidates did in the January 12 Legislative Yuan (LY) elections. Taoyuan County KMT Chairman Fu Chung-hsiung expects Ma to win the county by as many as 200,000 votes, while Taichung City KMT Secretary General Hung Jung-chang projects Ma will win the districts of central Taiwan (Taichung city and county, and Changhua, and Nantou counties)--which were almost evenly split between the KMT and DPP in 2004--by as much as 300,000 votes. Hung expects Ma to take the overall election by at least a million votes.

Place Your Bets: Gambling Odds Favor Ma

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¶5. (C) Taiwan's illegal but highly popular gambling operations have started to give odds and take bets on the presidential election. According to a recent article in the United Daily News, Ma is favored to win by 250,000 to 750,000 votes, with the odds varying by geographic region. The margin of Ma's win as given by bookies in southern Taiwan, where the population tends to lean DPP, can be as low as 150,000 votes compared to estimates in the north that go as high as 1 million. Local political observers tell AIT that gambling odds are closely watched because they are often more reliable predictors of election outcomes than media-produced public opinion polls. Since the bookies have a financial stake in predicting the outcome, some experts explain, they do a thorough job of canvassing local political operatives from both camps to assess the overall level of support for a particular candidate.

An Election Mired in Mud?

¶6. (C) Negative attacks continue to dominate election headlines. Media coverage early in the week focused on another round of DPP attacks on Ma's green card status and renewed KMT allegations that Hsieh had betrayed the democratic movement by serving as an informant for Taiwan's intelligence services in the 1980s. Shen Fa-hui told AIT the DPP will keep attacking on the green card issue unless Ma can successfully neutralize the issue. The DPP will also raise other issues, such as the privatization of Fubon Bank under Ma's tenure as Taipei mayor and special treatment given to Ma's daughter when she applied for college entrance, that are aimed at tarnishing Ma's image for cleanliness and reputation for fairness.

¶7. (C) Hsieh campaign manager Lee Ying-yuan told AIT on February 20 that Hsieh has so far been successful in setting the agenda by using such negative attacks, though more positive messages and discussions of policy will also be raised. Lee noted as an example Hsieh's pledge on February 19 that if elected he would seek a meeting with President Hu

Jintao as an effort to set a positive tone for cross-Strait relations. Lee underscored, however, that negative campaigning works, especially for the candidate who is trailing.

¶8. (C) Soochow University Professor Lo Chih-cheng told AIT on February 19 he expects the presidential election to retain its negative focus throughout because it helps the DPP control the tempo and keep Ma on the defensive. Negative campaigning, moreover, provides more free media coverage that outright discussions of policy issues and hence helps neutralize the KMT's ability to outspend the DPP in paid advertising. A recent poll commissioned by the pro-DPP Taiwan Thinktank, with which Lo is affiliated, suggests the negative focus could be working. In that poll a majority of respondents said Ma and his wife should make public information regarding their green cards and nearly 42 percent faulted Ma's crisis management capability. The acute anxiety demonstrated with AIT by close advisors to Ma is another suggestion the KMT candidate is uneasy about this U.S. green card/citizenship issue.

Candidates Prepare for Weekend Debate

¶9. (C) The presidential candidates will participate in the first, and perhaps most lively, of a series of five presidential debates starting on February 24. The first debate is organized by five local media outlets and offers more opportunities for direct exchanges between the candidates. Lee, however, downplayed the potential impact of the first debate, pointing out the candidates would have time to prepare since they would be provided with most of the questions in advance. Lee added that Ma is an eloquent speaker and expected to hold his own in the debate. Shen told AIT that a strong performance by Hsieh would do little to boost him in the polls since the KMT and pro-Blue media have already generated the expectation that Hsieh would outperform Ma in the debate. Shen underscored that with the

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more flexible format of the first debate he expected a lot of "fireworks," though Hsieh would focus on attacking Ma on issues of policy, not personal character.

¶10. (SBU) Professor Lo said he expects Hsieh to raise new negative charges against Ma during the upcoming debate to try to throw Ma off balance. The Taiwan Thinktank poll showed that a majority of voters already have their minds made up before the debates begin, with more than 63 percent of the respondents saying the debate outcome would not change their preference, compared to 28 percent who said they could be swayed by a candidate's performance. The survey also found that over 43 percent of those polled expected Hsieh to do better than Ma compared to 17 percent who thought Ma would do better.

Upcoming Campaign Events

¶11. (C) A group mostly comprised of DPP youth, but also including former party chairman Yu Shyi-kun, has been walking from south to north in a campaign activity titled, "Reversing the Tide: Protecting Taiwan." As reported reftel, this group will be joined by senior DPP leaders and officials in suburban Taipei on February 28 for the final stage of the walk, which will end at the Chungshan Soccer Stadium, where the DPP will hold a 100,000-strong rally to commemorate the tragic 1947 "2-28" incident. The rally this year will feature the theme "praying for Taiwan" and will emphasize the unity of all people in Taiwan, Lee Ying-yuan, who is also DPP Secretary General, told AIT on February 20.

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¶12. (C) The DPP's largest scale rally for the election

campaign will take place on March 16, Lee said. The DPP plans to mobilize one million supporters for this event, which will feature supporters walking for 100 minutes at various points along the length of a major north-south highway, under the rubric "Democratic Taiwan, Take Action 100." The "100" refers to voting for Ticket Number One (Hsieh and Su), while circling yes for both the DPP and KMT UN referenda.

UN Referenda, Defensive or Otherwise

¶13. (C) The KMT decided on February 21 to remove the UN referenda issue from the legislative agenda, which almost completely eliminates the possibility that a compromise LY-backed UN referendum will emerge. According to the Referendum Law, today (Friday) was the last day for the legislature to table a referendum that could be held in conjunction with the presidential election. Even though President Chen had threatened earlier in the week that he might resort to a defensive referendum if the KMT and DPP failed to reach a compromise, Presidential Office Deputy Secretary General Chen Chi-mai on February 21 told the press

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President Chen would not initiate a defensive referendum with compromise language without the KMT's consent. Shen Fa-hui, moreover, told AIT that Hsieh remains opposed to a president-initiated defensive referendum and that Chen would not go against the DPP presidential candidate's wishes.

¶14. (C) Ho Szu-yin told AIT that the KMT would probably hold off deciding whether to urge voters to boycott the two UN referenda until the day or two before the election. That would reduce the amount of time for Hsieh to react and build momentum for a "Love Taiwan" campaign if the KMT decides to boycott the referenda, Ho explained. If President Chen initiates a defensive referendum, Ho said, the KMT would have greater rationale, plus a face-saving reason, to boycott the referenda by arguing that the defensive referendum was just a political ploy to gain electoral votes. KMT Chairman Wu Poh-hsiung yesterday said that the KMT might present a resolution in the LY at a proper time to demonstrate the wish of the Taiwan people to participate in international organizations, but also said he would not meet with President Chen for a second time to discuss a compromise referendum.

YOUNG